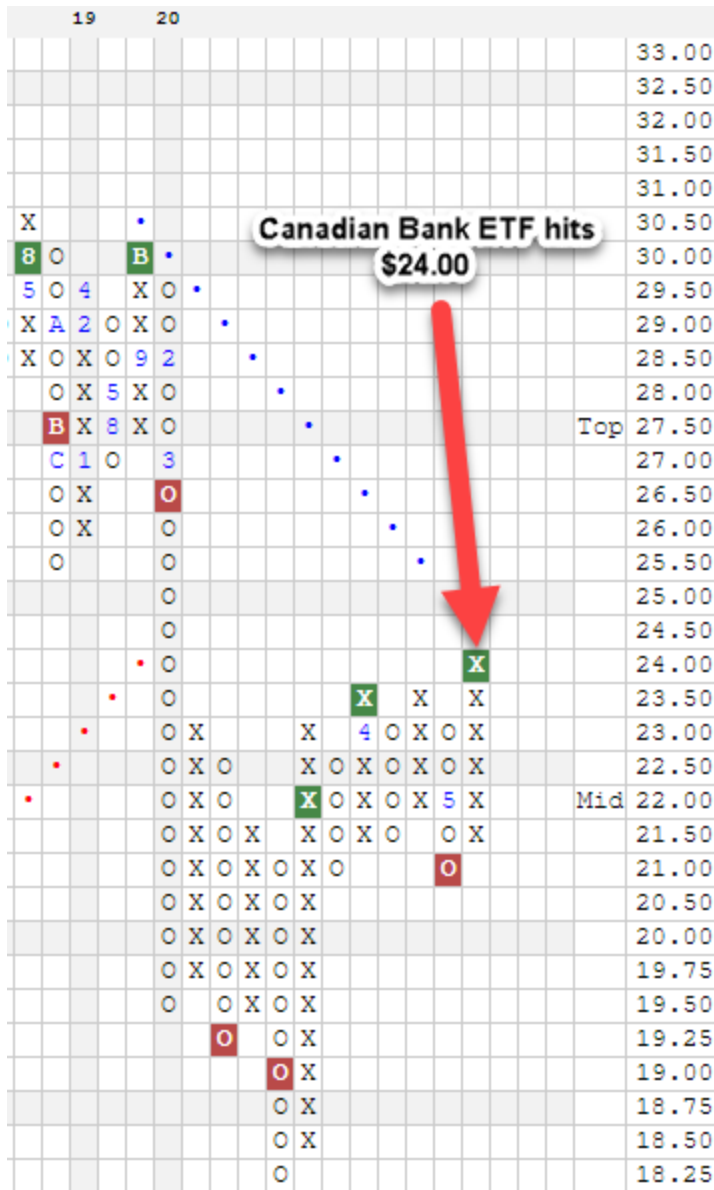


Can the Banks lead us Higher?

One of the lagging sectors in this massive stock market recovery has been the major banks – both in Canada and elsewhere. One could say, you will not have a strong economy without the bank sector contributing to the growth. So far, this sector has disappointed on the stock market rebound but last week, Canadian banks had a significant reversal up as is evident by the Canadian bank ETF – ZEB – as they reported their earnings. Their stock prices are still down from their November 2019 high of \$30 or the January 2018 high of \$30.50 **but certainly looking better with a sustained move above \$24.00.**



The Markets as a whole continue to move forward on number of factors with the NYSE Bullish Percent moving up to the 66% level which is well above the 40% level it hit in the middle of May – a big move in

a short period of time. Remember this indicator measures the percentage of stocks on the NYSE that trade on a Point & Figure buy signal. Remaining above the 50% level has demonstrated strength in the past.

The longer term Positive Trend indicator for the NYSE that measures the percentage of stocks in a Positive Trend has yet to reverse down since it bottomed at 8% in March. It continues to move forward above the 30% pivotal point and is currently at 40%. It would be good to see this indicator move back above 50% also but that can take time.

We also notice that volatility in the S&P 500 as measured by the Volatility Index VIX, continues to move lower as it approached 26. It remains above the long term average for this index but is currently headed in the right direction

So markets in general have been moving up and it would be good to see financials like the banks contribute to this positive movement along with other sectors like the industrial sector. **One should still watch with interest the long term leader – the technology sector.** However, it would be good to see other sectors play offence too.

Please call or email me any questions.

Point & Figure Charts and stock market data provided by Nasdaq Dorsey Wright

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